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ABSTRACT

The guidebook is intended to acquaint vocational educators with two specific management strategies: Management by Objectives (MBO) and the Program Planning and Budget System (PPBS). The long range goal of this project is the formation of a model local annual plan and model five year plan for vocational education in local school districts throughout Indiana. For this reason, it was necessary to examine the theoretical bases for MBO and PPBS as well as to develop detailed, practical steps for implementing the systems at the local level. Chapter 1 presents the rationale for the development of the MBO system, and examines its benefits and pitfalls. Chapters 2 through 5 detail the theory and practical applications of the four phases of MBO: (1) establishing mission and role statements, (2) setting and validating objectives, (3) developing action plans to achieve objectives, and (4) developing a performance appraisal system. Chapter 6 defines PPBS and discusses its advantages and disadvantages. The document concludes with appended worksheets and evaluation forms. (Author/BP)

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MANAGEMENT BY OBJECTIVES

AND

PROGRAM PLANNING AND BUDGETING SYSTEMS:

A Guidebook for Developing

A Model Local Annual Plan

and

A Model Local Five-Year Plan

For Vocational Education

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PREFACE

This guidebook is intended to acquaint vocational educators with two specific management strategies: Management by Objectives (MBO) and the Program Planning and Budget System (PPBS). The long range goal of this project is the formation of a model local annual plan and a model five year plan for vocational education in local districts and schools throughout the state of Indiana. For this purpose, it will be necessary to examine the theoretical bases for MBO and PPBS as well as to develop detailed, practical steps for implementing the systems on the local level.

Chapter I presents the rationale for the development of the MBO system, and examines its benefits and pitfalls. Chapters II through V detail the theory and practical application of the four phases of Management by Objectives. Chapter VI defines PPBS and discusses its advantages and disadvantages.

It is our hope that, through familiarity with the concepts and skills of MBO and PPBS, school administrators will strengthen their forward-thinking approach to vocational educational planning, and these attitudes and skills will not only promote greater growth on the part of students, but also contribute to the increased personal efficiency and enthusiasm of individual vocational administrators themselves.

CHAPTER I

ORIENTATION TO PLANNING

Since the launching of Sputnik in 1957, our country's leaders have often and emphatically noted the need for more individuals with higher levels of technical skills. The Vocational Education Act of 1963 and the subsequent Amendments of 1968 have also underscored these manpower needs. Recent mandates for state and local vocational educational evaluations call for ways of determining whether the intentions of this legislation are being met. These phenomena have led to a growing interest in MBO and PPBS as means of developing quality programs to meet increased manpower needs.

In recent years, MBO has captured the imagination and support of many top managers as they attempt to respond to the nation's changing needs. Governmental agencies and school districts are beginning to adopt the system as a means of improving their environments. MBO is also in use in territories as varied as North and South America, Africa and Europe, and in both small family concerns and giant public corporations. In spite of the setbacks experienced in the implementation of such a newly developed system, Management by Objectives has matured steadily in its philosophy and techniques.

MANAGEMENT BY OBJECTIVES DEFINED

Management by Objectives is a strategy of planning and getting results that integrates two processes: (1) achieving the administrative and edu-

cational goals of the institution and (2) fulfilling the needs for job satisfaction and self-development on the part of individual administrators and staff members. MBO is a means of gearing the individual plans and needs of administrators and staff towards the accomplishment of large-scale institutional objectives within a specific period of time. There are four basic characteristics which distinguish the Management by Objectives system:

1) The statement of objectives. These are statements of important results that are planned and expected to happen. Results may be phrased in terms of student or ogranizational performance. Statements of objectives evolve from an assessment of student and community needs and commitments to meet these needs.

2) Creation of Time Strategy. Time strategy is the timetable by which individuals and school administrators are to achieve long and short range results. It is the "when" portion of the objective and sets forth a deliberate coordination of resources within the calendar. Time strategy calls for administrators to propose, initiate and complete activities at designated periods of time.

3) Involvement of total administration and staff. MBO requires a formalized effort to involve each individual administrator and staff member and coordinate his contributions toward a common goal. The system brings together resources (people and equipment) to carry out the school district's functions.

4) Stimulation of Individual Motivation. Individual administrators and staff members participate in the objective setting process. Such involvement helps develop the desire and willingness to achieve the objectives stated.

MBO AS A FOUR PHASE PROCESS

In practice, Management by Objectives consists of four main phases that are carried out in a specific order. Of course, many additional steps may be required, and these are incorporated as necessary during the four main phases, which are:

Phase I. Determining local school district goals and commitments which are summarized in the MISSION AND ROLES STATEMENT (Chapter 2);

Phase II. Setting and validating OBJECTIVES (Chapter 3);

Phase III. Implementing the objectives by means of an ACTION PLAN (Chapter 4);

Phase IV. Evaluating results and reporting the status of objectives by means of a PERFORMANCE APPRAISAL (Chapter 5).

One can readily see that MBO is, in effect, a return to the fundamentals of good general administration; however, it is more than just another planning system or better in-service training. Management by Objectives offers the following special advantages:

a) MBO gives us insight into the relationships and the inter-dependence of existing management methods. For example, a school district

may have both stated objectives and administrative development programs, but the two are often unintegrated.

b) MBO may provide the stimulus for school administrators to challenge their habitual assumptions and practices. Quite frequently school districts and administrators operate within the self-imposed constraint of "we've always done it this way."

c) MBO can enable school administrators to improve their performance by creating a demanding environment and a set of comprehensible, down-to-earth techniques to help achieve their goals.

d) MBO can help draw together, in a practical way, the results orientation of the "quantitative school" and the teamwork and motivational concepts of the behavioral scientists.

e) MBO can foster the development of a vital, forward-looking, and mutually supportive spirit in an organization.

CHARACTERISTICS OF EFFECTIVE MBO PROGRAMS

When an effective system of Management by Objectives is operating in a school district, there is a continuous process of:

1. Critically reviewing and restating the school district's strategic and tactical plans.
2. Clarifying key results and performance standards with each staff member and gaining his contribution and commitment to these.
3. Reaching agreement with each staff member on a job improvement plan which makes a measurable and realistic contribution to the department and school.

4. Providing conditions in which it is possible to achieve the key results and improvement plans.
5. Using systematic performance reviews to measure and discuss progress towards results, and reviews to identify personnel with potential for advancement.
6. Developing administration in-service training plans to help each administrator and staff member overcome his weaknesses, build on his strengths and accept responsibility for self-development.

MBO AND ADMINISTRATIVE CHANGE

MBO should be embarked upon only in a district or organization that demonstrates a total commitment to professional management and therefore to intensive management education. In an age of high technology and rapid change there is little tolerance left for amateurism in any field, especially in the field of education. The "seat-of-the pants," "catch-as-catch-can" approaches to management of the last generation of administrators are no longer acceptable. Because of its proven usefulness in providing professional administrators with an effective system of management, MBO has become the most widely used system today.

Within recent years it has become evident just how revolutionary MBO can be, as educators begin to realize the system's implications for performance, for results, for organization, for planning, for communication, for evaluation, and other aspects of school administration. MBO means replacing the archaic management system inherited from the industrial period

(1800-1950) by a new system now emerging for the post-industrial period (1950-2000). The radical differences between the two systems can be enumerated thus:

	Traditional Management		MBO
1.	Day-to-day managing	1.	Future-focused managing
2.	Amateur, seat-of-the-pants management	2.	Professional management
3.	Authoritarian style	3.	Participative style
4.	Activity-centered style	4.	Goal-directed, results-seeking style characterized by purposefulness and planning
5.	Emphasis on administration of routines	5.	Emphasis on stimulating innovation
6.	Emphasis on <u>how</u> to do it	6.	Emphsis on <u>what</u> to do
7.	Administrative reliance on money, machines and materials	7.	Reliance on men, minds, methods
8.	Emphasis on centralized, technocratic, functional control	8.	Emphasis on decentralized initiative
9.	Reliance on directives and supervision	9.	Reliance on delegation and reporting
10.	Promotion of individualism	10.	Development of team work

MBO AND COMMUNICATION

Few elements of school administration have generated the amount of concern, worry, work or writing as has the area of communications. In view of the complex nature of the demands placed upon a school administrator, this is not surprising. Through years of our sincere efforts to educate

children, we have come to realize the fact that communication is the key factor that can help keep purposeful and relevant activities focused on the child and his needs. Furthermore, it is the key element that can keep the crucial parts of a school organization functioning together.

Throughout the past two decades, considerable attention has been given to the subject of communication by the behavioral scientists. Through their efforts, a large variety of approaches ranging from non-directive counseling to sensitivity training have been developed to facilitate more open and growth-producing forms of communication.

However, while much attention has been given to issues dealing with how to communicate, little focus has been given to what should be communicated. MBO is concerned with the what problem. There are two basic issues that people have to (and want to) communicate about: (1) what they are required to accomplish and (2) whether they have been successful in accomplishing it. Dialogue between the MBO administrator and subordinates is characterized by the following dynamics: (1) high levels of empathy and concentration, (2) increased involvement of both parties, and (3) greater commitment to the subject under discussion. Under the MBO system this "dialoguing" is commonplace from top to bottom of the organization. It is within this setting that one finds an atmosphere charged by a sense of commitment, purpose and direction.

PITFALLS IN MBO

Many articles have been published presenting some of the pitfalls of

introducing MBO into an organization. For example, difficulties frequently arise when Management by Objectives is over-emphasized as being chiefly for administrators, thus preventing its acceptance by others who might also benefit from the system.

Another common distortion of MBO is its use as a means of performance appraisal. In a number of cases, well-intentioned but poorly informed governmental agencies have sold their colleagues on the idea of introducing MBO as a technique of personnel evaluation. It should be emphasized that MBO is primarily a way of managing and only very incidentally a new way of performance appraisal. Perhaps the main cause of this error lies in a lack of understanding of and/or interest in school administration problems.

Authorities on MBO also emphasize the point that this system requires fundamental changes in attitudes and approach and that the price to pay in time and effort is great. Furthermore, it must be acknowledged that unless the top administrative staff manages by objectives, it is difficult for lower echelons to both relate effectively with the top and to apply the MBO concept.

Another aspect of MBO which is sometimes criticized is its stress on delegation. Administrators often object to delegation on the grounds that "it is quicker to do it yourself." This may be true, but only until subordinates have learned how to perform delegated tasks. Then it is quicker to delegate, thus freeing the administrator for his own work of planning, organizing, innovating, etc. However, effective delegation presupposes that

the administrator and the subordinate share the same objectives. This aspect of MBO will be discussed thoroughly in Chapter III.

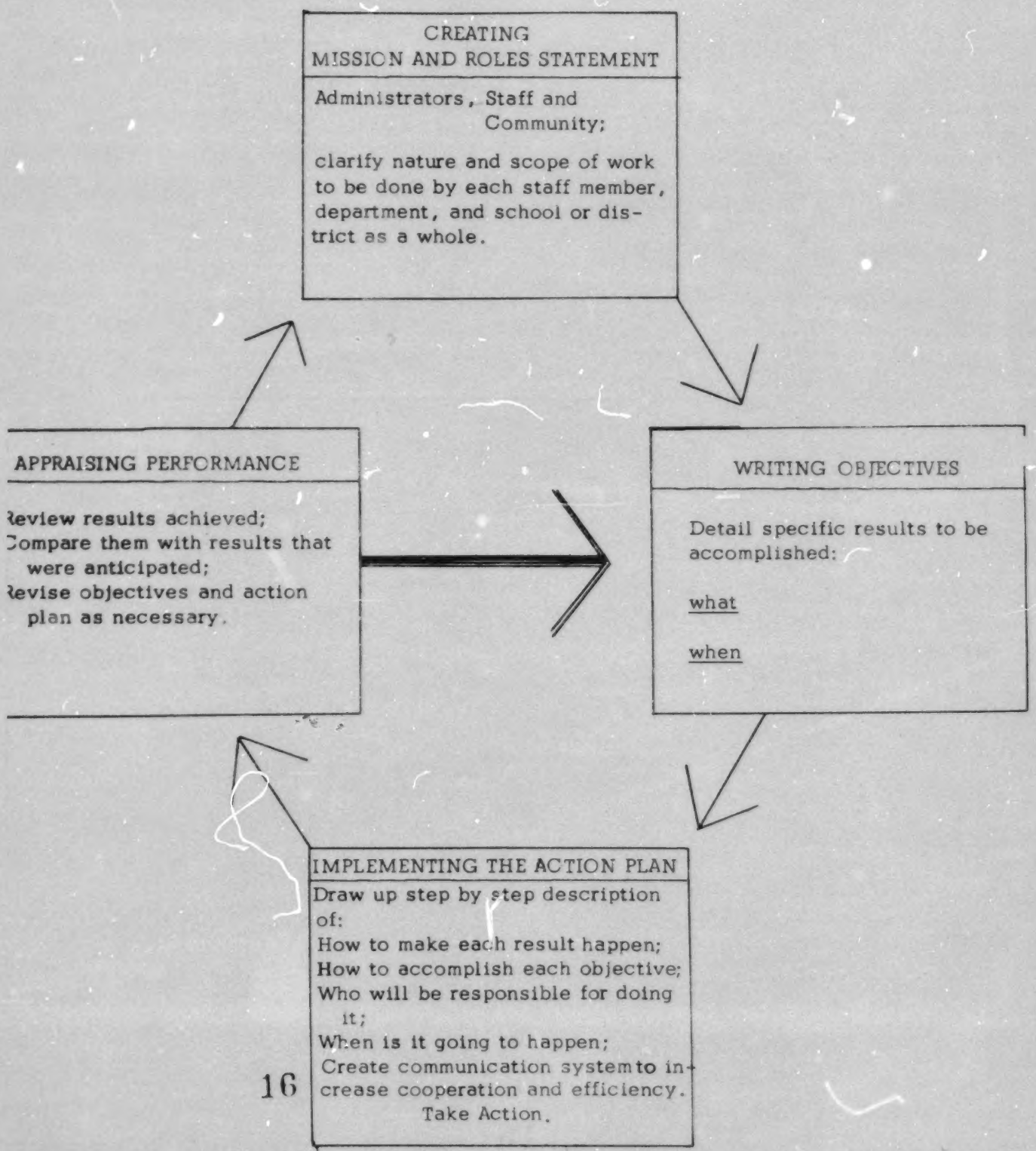
SUMMARY

Management by objectives attempts to integrate the school district's objectives for more student learning and growth with the need for personal satisfaction in the part of its administration and teaching staff. Although the techniques of MBO are continually being improved, they have already demonstrated high levels of effectiveness. New insight is being gained into the interdependence of the techniques viewed as a total management system in the context of a changing educational and world milieu. Above all, it is becoming increasingly evident that the real key to success in education is the more efficient use of human resources. The talent and drive are there; all that is required is the system to release them.

FIGURE #1

SCHOOL MANAGEMENT BY OBJECTIVES

PROCESS CHART


CREATING
MISSION AND ROLES STATEMENT
Administrators, Staff and Community;
clarify nature and scope of work to be done by each staff member, department, and school or district as a whole.
WRITING OBJECTIVES
Detail specific results to be accomplished:
what
when
IMPLEMENTING THE ACTION PLAN
Draw up step by step description of:
How to make each result happen;
How to accomplish each objective;
Who will be responsible for doing it;
When is it going to happen;
Create communication system to increase cooperation and efficiency.
Take Action.
APPRAISING PERFORMANCE
Review results achieved;
Compare them with results that were anticipated;
Revise objectives and action plan as necessary.

CHAPTER II

ESTABLISHING THE MISSION AND ROLES STATEMENT

Management by Objectives begins with a systematic identification of the basic functions to be performed by a corporation, district, school, department or staff position. This determination of goals and commitments is called the Mission and Roles Statement. It is a statement of the reasons for which the organization exists and of the work for which it is accountable.

The Mission and Roles Statement is the foundation for the specific objectives and action plans that will be established later. It is through the M&RS that the validity of objectives is determined. The M&RS describes both the overall purposes of the organization and those of each department and staff position, thus providing a mechanism for coordinating the total organization and helping to define how each part fits into the total system. On the individual level, the M&RS clarifies the scope of duties and responsibilities of each staff position. It encourages an administrator or staff member to examine his unique contributions to the total process. On the level of the school or district, the M&RS identifies the nature and scope of the work to be done, and distinguishes which services and activities will receive major focus.

Before a school district can write meaningful, measurable objectives, district personnel must arrive at an understanding of the mission and roles to which they are committed. The failure to do so will result in objectives

which are not specific and not responsive to the real needs of the school, department or total district. It is through the establishment of a clear and accepted Mission and Roles Statement, therefore, that the school district creates a solid foundation for the remaining phases of the Management by Objectives system.

EXAMPLES OF MISSION AND ROLES STATEMENTS

A. Mission and Roles for Director of Counseling and Guidance, _____ School District:

To promote the efficient functioning of all the services directed toward the total growth and development of all students of the _____ School through the Counseling and Guidance Department in the following specific areas:

1. Group Counseling: Schedule students for group counseling to assist them in solving problems related to their present and future lives; help students develop greater self-understanding, self-acceptance and self-direction; help each group member understand the mechanisms of the group and ways of gaining acceptance.
2. Individual Counseling: Help the individual student gain more understanding of himself, his values, attitudes and needs, and thus to become more mature and productive.
3. Career and Vocational Guidance: Assist students in utilizing their potential and in selecting meaningful goals by means of field trips, visits to community agencies, conver-

sations with employees, career days, guest speakers and visual aids.

4. Teacher-Counselor-Parent Consultation: Consult with parents; make test interpretations; consult on college placement; advise teachers; inform parents of children's needs; program workshops; direct college and work placement.

5. Testing: Administer college entrance tests; score, interpret, diagnose these and other tests of interests and abilities; conduct vocational analyses and reading tests; make referrals to special services.

6. Scholarship and Financial Aid Information and Placement: Assist students in understanding of procedures for making applications and planning finances in order to further their education, to pursue trade careers, or to acquire part time employment; organize work-study programs; present programs by college placement officers.

7. Follow-up and Referral Work: Help in meeting special needs which require referral to other specialists or community agencies; keep records of graduates; make curriculum evaluations, market analyses, and recommendations based on these.

B. Mission and Roles for _____, Principal of _____ School: To promote the efficient functioning of services directed toward the total

growth and development of all students of the _____ School.

Major areas of responsibility:

1. Students: Provide guidance and counseling; determine placement and promotion; confer with students regarding educational problems; assist students and teachers with new programs; write reports and evaluations; supervise attendance and child welfare.
2. Educational Program: Assist in designing curriculum according to the needs of the students; create optimal learning climate; schedule classes; obtain and allocate materials; initiate and conduct staff meetings; evaluate program effectiveness.
3. Teachers: Create effective climate with staff; help all teachers carry out their teaching responsibilities; confer with teachers regarding personal problems; make evaluations and reports; facilitate communications; support in-service activities.
4. External Relations: Confer with community sources; communicate and consult with parents; work with institutions of higher education.
5. Central Administration: Maintain communications system regarding school activities and programs; obtain approval for new policies and procedures; arrange for personnel, services and materials.

6. Operations: Maintain school accounts; manage custodial staff; check attendance; maintain cafeteria; collect fees; administer extra-curricular activities.

7. Professional and Peer Relationships: Develop involvement in professional associations; participate in research activities; assist with local and state committees and meetings.

ADVANTAGES OF ESTABLISHING MISSION AND ROLES STATEMENTS

There are a number of definite advantages that result when a school district, school, or department establishes a Mission and Roles Statement. The basis of everything that is done in the organization rests with a clear Mission and Roles Statement. Within this framework individual and departmental responsibilities become crystallized, and the contributions of all segments of the school district are examined and, where necessary, revised.

With the establishment of the M&RS, an organization may increase cooperation and communication among staff members, thus facilitating higher levels of learning. The organization becomes better able to clarify the focus of the curriculum, the services to be provided and the relationships and responsibilities that follow.

With the development of a Mission and Roles Statement, duplication of roles, activities, and assignments may be reduced, eliminating much confusion and waste that are common in organizations without such established missions. The mission statement helps meet all important needs within all departments of the school system. Under this arrangement, all

important tasks are identified, assigned and carried out. In addition, a clear M&RS will reduce the possibility of assigning a department or an individual to inappropriate work areas.

SOURCES OF DATA FOR MISSION AND ROLES STATEMENTS

A local school district must develop Mission and Roles Statements that are concerned with two important categories: (1) students and, (2) the system. The students should be given primary importance since they are the fundamental basis for our schools. Focusing on the student and on desired learning outcomes can provide a framework for objective-setting. Chapter III will expand on the process of developing student-centered objectives. Other portions of the Mission and Roles Statements deal more directly with questions such as how the school or district's various departments, offices, and support programs can assist in accomplishing the student-centered objectives. System-centered objectives may be developed for each of the following functions of the school:

1. Philosophy and objectives	2. Curriculum
3. Instructional staff	4. Administration
5. Physical facilities and equipment	6. Instructional materials and supplies
7. Guidance program	8. Student organizations
9. Community involvement	10. Advisory committees
11. Students with special needs	12. Occupational experience

OBTAINING DATA

Each school district has information and data which can be useful in beginning to develop the Mission and Roles Statement. Local school districts as well as departments within the system may obtain previous North Central Association evaluations, as well as statements from other districts. A district's Board of Education may wish to develop a draft of Mission Statements and provide these statements to various individuals and community groups for reactions and suggestions. Another approach might be to organize a series of "open-ended" meetings with various community organizations. These meetings could be organized to determine student and system needs and their priorities.

Since the school's graduates will ultimately become a productive part of their community, it is important that the school district and all departments seek the advice and counsel of various publics and clients of the district (students, parents, lay citizens and employers). Given the diversity of the many school districts throughout the State of Indiana, there is no "one right way" to achieve community involvement in this process. Therefore, a local school district should ask itself the following questions in determining the most appropriate means of setting Mission and Roles Statements:

1. Who are the different clients and publics?
2. What kind of vehicles can we develop that will allow clients and publics a voice in this process?
3. Should we establish different avenues for different groups?

It is essential to provide opportunities for district and community representatives to participate in this M&RS process. Several techniques are presented here as suggestions for community involvement in determining Mission and Roles Statement.

1. Special surveys might be administered to various groups in the district and community.
2. A sample of the community might be interviewed by the district staff.
3. The local school district or school might sponsor a series of special public meetings to solicit community advice.
4. An advisory council for district planning and development might be established.
5. Community representatives might present their ideas of Mission and Roles Statements to the local school board.

RESPONSIBILITY FOR WRITING MISSION AND ROLES STATEMENTS

It would probably be most desirable if the school district as a whole could provide the leadership to deliver a clear and comprehensive outline of the Mission and Roles Statement. This system might then provide the framework for Mission and Roles Statements for all subordinate units in the school district. However, often no district-wide statement exists. Each department and its administrative staff must assume the responsibility for developing its own statement. A draft of the M&RS should then be presented to the school board, staff and community for their review and

reaction. In the event that there are substantial reactions or criticisms, the goals should be modified and again submitted for review.

Each administrator and staff member involved in the process of preparing a M&RS should be forewarned of the substantial time and effort required. They should also be encouraged because, despite the often frustrating, tiresome and time-consuming tasks, the process is an essential and invaluable phase of the Management by Objectives system.

When one is preparing the M&RS it is important to include all the major commitments or responsibilities of each staff position or department. The work for which each one is accountable should be clearly and briefly stated, with an attempt to eliminate inconsistencies or duplication of roles. Finally, the unique contribution of each administrator and staff member should be related as much as possible to the school-wide or system-wide M&RS.

The following sequence of activities is suggested as a workable procedure for developing an M&RS suitable for local conditions:

Step 1: Obtain existing needs analysis information from all the appropriate sources in your community. Some of these sources might include administration and staff surveys, meetings with community groups, recommendations developed as a result of previous North Central evaluations and special advisory councils.

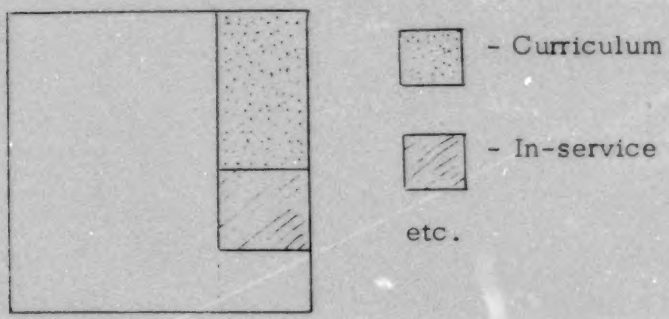
Step 2: Arrange information from Step 1 in appropriate categories, e.g., "Student Needs" and "System Needs."

Step 3: In writing the Statement, start with the phrase: "To promote the efficient functioning of the services directed toward the total growth and development of all students of the _____ School by _____." Here one summarizes in one or two statements the nature or scope of his work as a director, principal or coordinator. For example, a director of vocational education might add: "by directing the vocational services in the following areas." Then he would list the individual work areas or services and what is done in each. If one is not an administrator of a group, but rather an individual contributor concerned with providing direct services, one may simply state, for example, "by performing the following services" and then list the services provided.

Step 4: The next task is to clarify the total scope of each job and its key areas for results. Several important steps must be included in this stage:

A. Divide the overall job into sub-areas as follows:

YOUR JOB



Identify all key areas of the job. These probably range from 6 to 15 key areas in total.

B. It is very important to cover both what these areas are as well as what they should be. If there is a need for another service or key area for results, include it with those already listed.

C. Label each key area as indicated. Usually a noun may be used to label each part of the job. Limit the labeling to one or two words. (Use Worksheet #1, in Appendix A.)

D. Once each key area has been identified, describe it in a few sentences. See the examples provided earlier on pages 12-15. Notice that phrases after each key area describe the work performed and the accountability for each.

E. You are now ready to review and rank the key areas for results. This may be done by placing the most important key areas first, followed by areas that are less important. (Use Worksheet #2, Appendix B.) After this ranking, you may rewrite your M&RS and proceed to Step 5.

Step 5: Present M&RS to other administrators, professional and non-professional staff, and the public for review of priorities, responsibilities and opportunities for improvement. Attempt to reach a consensus on these.

Step 6: Make necessary changes to establish proper priorities of key

areas and responsibilities as a result of information and recommendations in Step 5.

Step 7: Present your reviewed M&RS to your supervisor. The aggregate statements may be presented to the school board for review and adoption.

Step 8: The M&RS may be re-evaluated, modified or improved whenever necessary, and should be reviewed on a regular basis.

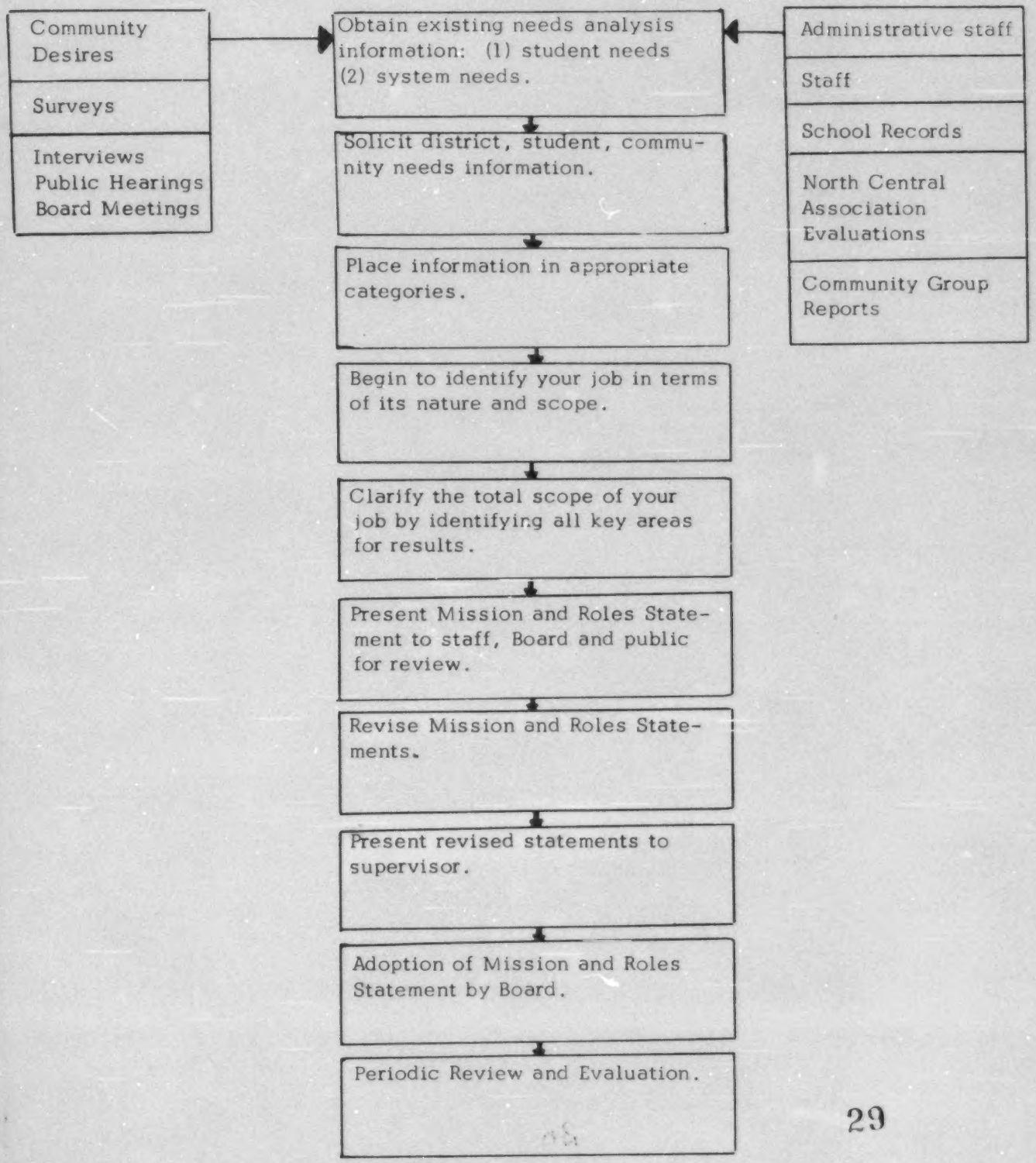
SUMMARY

This first phase of MBO identifies the areas of responsibility that are critical to the long range success of the school district. These are broad areas, including such functions as curriculum development, in-service activities, fiscal policies and learning evaluation. As these key areas for results are defined, it is necessary to specify performance measures for each one. For example, in the Mission and Roles Statement for a Vocational Education Director, curriculum development may be measured by program quality and quantity, and by test scores; student selection may be measured by enrollment data, graduation totals and results of employer questionnaires; and operational liasons with business and industry, by the number of contacts made, services provided and new programs developed. Chapter III will discuss in detail the next phase of MBO, setting objectives that serve as standards against which performance is measured.

FIGURE #2

THE STRATEGY:

NINE STEPS FOR DEVELOPING THE MISSION AND ROLES STATEMENT


Community Desires
Surveys
Interviews
Public Hearings
Board Meetings
Obtain existing needs analysis information: (1) student needs (2) system needs.
Administrative staff
Staff
School Records
North Central Association Evaluations
Community Group Reports
Solicit district, student, community needs information.
Place information in appropriate categories.
Begin to identify your job in terms of its nature and scope.
Clarify the total scope of your job by identifying all key areas for results.
Present Mission and Roles Statement to staff, Board and public for review.
Revise Mission and Roles Statements.
Present revised statements to supervisor.
Adoption of Mission and Roles Statement by Board.
Periodic Review and Evaluation.

CHAPTER III

INTRODUCTION TO SETTING OBJECTIVES

The central process in Management by Objectives is setting objectives, that is, determining the key results to be accomplished within a specified period of time. By drawing up the Mission and Roles Statement, the school administration, staff and community have obtained a picture of where the school should be going and of how well the school is currently performing in relation to its goals. Noting shortcomings in current performance helps to identify existing needs from which objectives are formed. Each department within the school system can then proceed to develop specific statements of who will accomplish what by what date in order to attack the problems and reach the goals implicit in the M&RS.

THE NEED FOR OBJECTIVES

The assumption that every school administrator knows exactly what he is trying to achieve is often incorrect. It is quite common for directions of pursuits to get lost in the shuffle and bustle of the many demanding and anxiety-provoking duties of school administration. Consequently, administrators need to keep clearly in mind both objectives and the steps necessary to achieve them.

To accomplish this, an administrator must first determine his mission within the organization: For what is he really accountable? The answer to this question constitutes the Mission and Roles Statement, which must then be translated into specific, realistic and measurable objectives.

These objectives, in turn, play a role in the accomplishment of the objectives of all other departments and of the school or system as a whole.

PEER OBJECTIVE SETTING

Peer objective setting means that the individuals at a given organizational level, whether it be the top-level administrative staff or peers at considerably lower levels, develop their objectives together. Several major benefits appear to result from such an approach. First, peers (school principals, for example) may be in a position to give a particular manager unbiased viewpoints of those things to which he should be applying a major portion of his time, and they may be able to suggest solutions to recognized problems. Second, individuals in a lateral relationship often develop clearer mutual understanding than do non-peers. Finally, by working out their objectives together administrators in a given organization may reach a better mutual understanding of how their various activities interrelate and how their efforts should be integrated for the good of the over-all school system.

GUIDELINES FOR CAREFUL FORMULATION OF OBJECTIVES

I. Characteristics and content of an objective:

1. An objective is an important result to be achieved.
2. It is written so it can be analyzed and reviewed from time to time.
3. In each objective, only one big result is identified, covering the what that is to be achieved.
4. Objectives may also include who is to be involved, such

as "students in grades 6-9."

5. Objectives are written forcefully, using such terms as "achieve, completely and replace." The terms suggest performance stretches.

6. Each objective is stated concisely, briefly and in terms of the measurable quantity and quality of the end result.

7. All objectives are written to meet school district requirements for organizational improvements such as curriculum improvements, research, in-service training for personnel, student counseling, and return on investment.

8. Each objective may be assigned a risk factor to indicate the level of confidence about its completion.

9. An objective is written so as to be significant and perhaps even critically important to the individual who is responsible for carrying it out.

10. All objectives are designed as a commitment between the administrator or staff member and his supervisor.

11. Objectives are written with emphasis on opportunity, setting a climate for a leap forward in performance and improved results for the individual and the organization.

12. Objectives should be written in quantifiable terms that are easily measurable and hence easily reportable.

13. Each objective is communicated to superiors as well as subordinates. This is a vital part of the M B O system

and is given major consideration during in-service training.

To write an effective and meaningful statement of objectives appears quite simple. However, without adequate training, people often write only fuzzy collections of commitments that ultimately result in misunderstandings and considerable confusion. While fuzzy statements may comfort those who wish to avoid commitment, they do not provide an adequate description of results to be achieved, nor do they suggest a guide to action.

Robert Mager has drawn up two lists of words contrasting vague, unhelpful language with terminology that is more precise and constructive:

Words Open to Many Interpretations	Words Open to Fewer Interpretations
to know	to write
to understand	to recite
to really understand	to identify
to appreciate	to differentiate
to fully appreciate	to solve
to grasp the significance of	to construct
to enjoy	to list
to believe	to compare
to have faith in	to contrast

Besides being written as concretely as possible, objectives must reflect consideration for the people involved in them: what they think and how they feel. It is important to remember that people of varied backgrounds are involved. Two-way communication is essential in the objective setting process.

METHODS FOR QUANTIFYING OBJECTIVES

Useful objectives are written in specific, concrete terms. Because staff objectives cannot always be completely quantified, it is easy to lapse into vague but expedient generalities. Such relative terms, called "motherhoods," have a tendency to creep into statements of objectives because they sound appropriate, are readily acceptable, and frequently offer a comfortable distance and range. Even though "motherhoods" may be an acceptable part of our day to day language in school administration, they are not acceptable in a statement of objectives. Here are some examples of the kinds of phrases to avoid:

"Achieve greatest educational efficiency. . ."

"Improve administrative effectiveness. . ."

"Attain greatest achievement possible . . ."

"Gain reasonable improvement . . ."

"Render better educational service . . ."

"Improve educational conditions . . ."

"Increase reading levels . . ."

"Accelerate learning rate . . ."

"Decrease drop out rates . . ."

"Maintain morale and attitude . . ."

ELIMINATING GENERAL TERMS IN OBJECTIVES

The following guidelines might be of value in eliminating generalities from statements of objectives:

Avoid: Oversimplifications; opinions subject to change; sensational terms; understated or overstated words; exaggerations; inexactness; terms that can take a range of meanings.

Use: Words that describe how much; terms that can be proven or demonstrated; precise terms identifying actions that can be controlled and measured; terms that lend themselves to clarification by numbers, rates, percentages, averages, index numbers, correlations, and standard deviations.

Objectives must be quantified. Stating the quantity of results -"how much"- is just as important as describing the type or kind of results. Quantified objectives include measurable points built into the written formal statement and specify both the quantity of results expected and the period of time in which they are to be achieved. The more concrete information a school administrator can build into his objective statement, the more likely it is that he will be able to achieve a real meeting of minds among the individuals involved in the project.

ADVANTAGES OF QUANTIFYING OBJECTIVES

1. Quantified objectives define and clarify the elements of expected results better than any verbal description could.
2. Quantified objectives provide a built-in measure of effectiveness. Using a measure to describe a future result also provides a way of measuring the current

activities that will make it happen.

3. Quantified objectives can be enlarged or reduced for progressive performance stretches. This is not possible with vague verbal descriptions.
4. Quantified objectives lower the limits of the unknown. The quantitative feature also helps us see the effects the result will have on other areas. For example, to reduce the drop-out rate from 175 to 25 implies a need for better methods of student supervision and drop-out identification. If training is necessary, the objective should tell how much it will cost, when it can be conducted, and what the program will consist of.

LIMITATIONS OF SETTING QUANTITATIVE OBJECTIVES

1. Numbers can be misleading and suggest a precision that does not exist. Furthermore, numbers may be over-simplified.
2. Mathematics, statistics and other quantifying techniques are not always known by the average person. Those who do not understand these techniques may regard this quantified statement as impractical or too theoretical.
3. It has been suggested that quantification of human judgement is not possible. In this context, critics

of MBO add that the mechanical manipulation of numbers is no substitute for intelligent, mature and experimental decision making.

4. A final limitation is concerned with the difficulty of quantifying certain areas of behavior and leadership. How does one measure qualities such as sincerity, open-mindedness, integrity, impartiality, and tactfulness, which are known to be important elements in achieving results? A response to this problem would be to look upon these qualities as objectives, and to use performance indicators of some type to assess the acquisition of such qualities. For example, a training skill can be measured by before and after examination scores.

While these limitations are significant, they do not outweigh the advantages and benefits offered by quantification. Objective statements must be formulated carefully with built-in means of measuring results.

DETERMINING THE NUMBER OF OBJECTIVES

The number of objectives to pursue during a given period of time varies with different districts, schools and departments. Different community expectations, occupational interests, available resources, and traditions will cause corresponding differences in the number and type of responsibilities which the school superintendent, vocational education director, and school principals must manage within their organizations. The impor-

tance of achieving the same objective may vary with the school district. An inner city school principal may give great importance and devote long-term time strategy to objectives for solving the critical reading problems in his school. On the other hand, a suburban school principal might give a time limit of one year for objectives dealing with reading problems of his students. Most school districts will agree on certain key areas in which objectives should be specified. However, few will agree on the importance to be assigned to each of the key areas within a given period of time. The most suitable number of objectives will be unique to each school district, school and department because each situation differs in the type and number of improvements that must be made within a period of time.

The beginning practioner of Management by Objectives will tend to adopt a great number of objectives, thus diluting his efforts and spreading himself too thin. The number of objectives should be small but significant in terms of results for the enterprise and the individual.

CHARACTERISTICS OF ACCEPTABLE OBJECTIVES

If the Management of Objectives approach is to be effective, objectives must be structured along certain definite lines. In reading the following sample objective statements, ask yourself whether the objectives and results are

1. Significant - having a major effect on educational improvement;
2. Scheduled - stating starting and completion dates;

3. Measurable - considering all possible quantitative and qualitative approaches;
4. Programmed - for the department and the individual;
   a. personnel - considering staff capabilities;
   b. materials - taking into account supply and cost;
   c. coordination - remembering flexibility and timing;
   d. administrative goals - recalling educational needs;
   e. cumulative processes - being consistant with the Mission and Roles Statement;
5. Realistic - attainable, but not so easily attainable that they generate complacency.

This list of poor and better sample objectives covers many crucial areas of a school organization such as personnel, vocational education, curriculum, and pupil personnel services. It is important to remember that objectives must be specific and must be stated in terms of what must be accomplished and when it must be completed. As much as possible, objectives should be quantified, that is, written in terms of test units, units of production, dollar volume, and the like.

1. Overall School District

   Poor - Achieve a substantial increase in reading achievement by January 1, 1974.

   Better - A total school individualized reading program will be developed by January 1, 1974.

   (Specify <u>what</u> is to be accomplished.)

Poor - To make a reduction in plant heating operating costs.

Better - A plan to reduce total plant heating and electrical costs by 20 percent will be developed by March 15, 1974.

(Be more specific and include the when.)

2. Personnel Objectives

Poor - To reduce substantially recruiting costs.

Better - A plan to reduce the cost of recruiting each new teacher from $285 to $210 will be developed by May 1, 1974.

(Be more specific with the what quality and include the date.)

Poor - To reduce the loss of clerical employees.

Better - A plan to decrease the termination rate of clerical employees from 25 to 15 percent will be developed by September 1, 1974.

(State the what more clearly, quantify, and include the date.)

3. Vocational Education Objectives

Poor - To make an effective evaluation of drafting programs.

Better - An evaluation of the drafting curriculum for grades 9-11 will be undertaken by each principal by January 15, 1974.

(State the what more specifically and include the date.)

Poor - The school policy manual for parents will be revised.

Better - A school policy manual for vocational education will be developed by the area vocational director by March 1, 1974.

(Be more specific with who and what and include the date.)

Poor - A resource center for vocational education materials and an economics department will be established by June 1, 1974.

Better - A resource center for vocational education materials for grades 9-12 will be established by June 1, 1974.

An economics department for grades 9-12 will be established by June 1, 1974.

(State each objective independently.)

Although none of the objectives labeled "better" is perfect, the second version is consistently more vigorous, detailed and precise than the first.

RELATIVE IMPORTANCE OF OBJECTIVES

A school administrator must select the objective or objectives that will give students the greatest return on total investments of time, money and resources. Therefore, it is essential to base objectives upon the problems

and needs that are most severe and that have the greatest potential for improvement. In the face of a wide range of needs and problem areas, one must determine which objectives will yield the greatest gain. One can do this by ranking objectives according to their relative value and weighing them according to the time they will require, thus obtaining a picture of the current situation and of future possibilities.

A form for "Ranking Objectives for School Improvement" in Appendix C may be helpful in arranging objectives beginning with number one (most important), and ending, for example, with number ten (least important.) After rank ng objectives according to the importance of their results, the next step is to assign to each objective the amount of time in percentages that will be required for its realization. If one has ten objectives all of equal importance, each would have a value of 10%. Or, the first objective on the list might be weighed much more heavily than less important ones. Note, however, that the most important objective does not necessarily receive the greatest weight in percent of time.

SUMMARY

An objective states the key results to be accomplished within a given period of time. The objective should be written as concretely as possible, in quantifiable terms, and in language that is meaningful to those committed to its implementation. As the second phase of MBO, setting objectives is not a single event but a process which flows naturally into phase three, developing Action Plans, as discussed in Chapter IV.

CHAPTER IV

DEVELOPING ACTION PLANS TO ACHIEVE OBJECTIVES

An Action Plan is a set of activities or steps which must be completed in order to accomplish the desired results stated in an objective. After writing the Mission and Roles Statements and developing objectives, the school district or department is ready to design Action Plans to accomplish each stated objective. An objective states specifically in measurable terms what result is to be achieved and when it is to occur. Each Action Plan that is designed for an objective employs a series of steps that describe how the objective is to be accomplished, by whom and when. The Action Plan may consist of appropriate methods, systems, techniques, courses, or tasks that are carefully established to accomplish each stated objective. In essence, the MBO system requires that there be an Action Plan related to specific objectives and that it be possible to determine whether or not the plan is being carried out.

The development of an Action Plan is a most important part of school administration planning in that it is concerned with not only setting objectives, but developing the strategies to achieve them. A serious and frequent problem encountered by organizations employing MBO is the failure to give adequate attention to the development of Action Plans. Although stating objectives provides the basis for effective planning and for all of the other primary school administration functions, it is formulating step-by-step plans for their achievement that produces the sense of direction and unity of purpose that are essential for long range effectiveness.

FIVE GUIDELINES FOR DEVELOPING ACTION PLANS

There are five basic principles that may be followed in developing effective Action Plans. These guidelines should serve as a reminder that objectives alone do not achieve important results. Unfortunately, many organizations that are unskilled in MBO do not follow through with this important part of the system. Consequently, refined objectives are sometimes not carried out, and the organization loses its effectiveness. These five guidelines for developing an Action Plan can help realize stated objectives:

I. The initial concern of the school administration in developing Action Plans is to divide into steps all of the necessary tasks and activities. This procedure helps the administrator give attention to each phase of the plan, identify the purpose of each step, and state what is required to perform it.

Almost any activity can be arbitrarily divided into smaller steps or units; however, a step should be logical groups of self-contained activities that have a beginning and an end or product. Appendix D may be of help in preparing subsequent action plan steps for your school district.

II. It is important to identify criteria for the completion of each step. In the MBO system it is assumed that there are criteria for each step or task to be performed. Without such criteria it is difficult to know when the step has been completed. For example, an Action Plan may call for hiring three industrial arts teachers. The criterion for the achievement of

this step might be: three industrial arts teachers with full teaching credentials hired. Another action step might include: orientation of total business education staff. The criterion for this step might be: all education staff completed in-service workshop.

The school administrator should indicate the relationships among steps, and carefully attempt to identify any time sequences. Sequential steps tend to lengthen the time required for the completion of the action plan, since often the next step cannot begin until the previous one has been completed. However, scheduling can be improved if steps are overlapped whenever possible.

III. Next it is necessary to identify who is responsible for carrying out each step of the Action Plan. "Who" may be a school principle, a project director, an entire department staff or a single teacher, depending on the size, complexity and duration of the task in question. Administrators must furnish whatever information is needed to the person or persons responsible for a task and encourage communication among all staff members concerned with a given action.

IV. At this stage, the school administrator must analyze what resources will be needed. This analysis will help provide cost information that may be needed in meeting state and federal guidelines and requirements. Furthermore, it is crucial to ascertain who should be contacted for these resources. Having complete knowledge of the required resources will also enable the administrator to determine the completion date for each step.

V. Finally, the administrator must estimate the time required to

perform each step. A specific date is assigned for each action step in order to emphasize the time requirement for achieving each objective as a whole.

OBJECTIVE REVISION AND CONTINGENCY PLANNING

Within an effective MBO system, the school administrator's job is to achieve his objectives, not change them. However, should it become difficult to accomplish a given objective, the administrator may need to develop new Action Plans or to revise existing ones in the light of the encountered difficulties. This approach suggests a change of plans, not of objectives. This should hold true unless conditions have changed so much that achieving an objective becomes impossible or irrelevant.

Contingency planning is the process of anticipating potential problem areas and tentatively deciding what might be done to overcome them. By developing contingency plans, school administrators may force themselves to foresee problems and to prepare in advance for dealing with them should they occur. In this way, school administrators may become more flexible and capable of coping with change.

The MBO system enables administrators to learn not just to anticipate change, but actually to incorporate it into the planning process. This greatly increases their chances of obtaining positive results. The Interim Evaluation Form in Appendix E may be used as a tool to help increase planning efficiency.

SUMMARY

Upon the completion of the first three phases of Management by Objectives -- establishing a Mission and Roles Statement, setting objectives, and developing Action Plans -- the school administrator should have established a solid base for making change. This position of strength may permit him to take advantage of many opportunities that arise in his school organization. With this management tool, he should be able to handle effectively the problems that otherwise might reduce his ability to achieve predetermined objectives.

The development and implementation of the Action Plan is the heart of a successful MBO system. An effective Action Plan demands critical skills on the part of the administrator: awareness of the dynamics of the MBO system; ability to break down objectives into specific, sequential, steps; and skills in human relations that will encourage high performance, personal commitment and growth on the part of all subordinates.

By means of combined MBO and human relations skills an administrator can help subordinates participate in programs not because they are driven to, but because they want to. Such enthusiastic cooperation between administration and teaching staff is one key to higher levels of learning in our schools.

CHAPTER V

DEVELOPING A PERFORMANCE APPRAISAL SYSTEM

INTRODUCTION

The fourth phase of Management by Objectives, the Performance Appraisal, is a joint process of evaluation by which superiors and subordinates determine the extent to which objectives are being accomplished. The tools of appraisal include operations auditing of an entire program and individual performance appraisal interviews, as well as more informal types of self-evaluation, observation, and feedback.

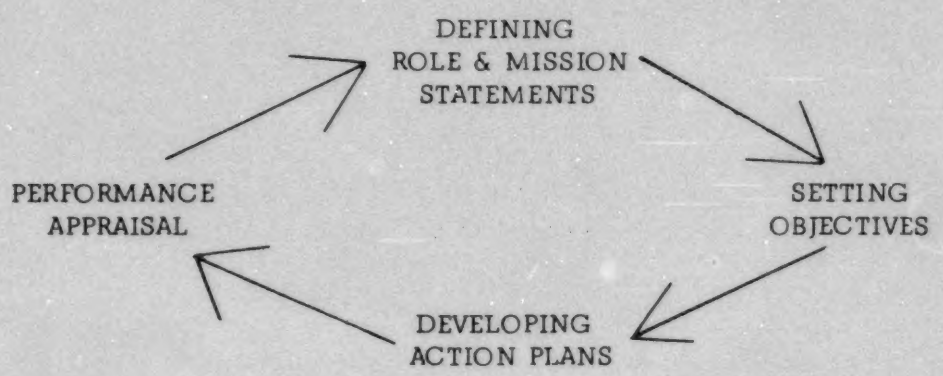
The two basic requirements for effective Performance Appraisal are (1) standards against which to measure performance, and (2) a flow of information keeping personnel aware of progress toward objectives or significant deviations from standards.

In implementing the Management by Objectives system, an organization must arrive at a clear understanding of what constitutes good performance.The statements of objectives provide standards against which the individual can measure his performance. Effective performance may be defined as the individual's ability to get results. The Performance Appraisal is based on progress being made toward completing objectives.

The importance of feedback stems from the principle that "the motivation to achieve results increases as people are informed about matters affecting those results." People in a school organization tend to perform at higher levels when they are aware of the objectives they seek, and how well they are doing in relation to those objectives.

THE ANNUAL PERFORMANCE REVIEW

The annual performance review has a two-fold purpose: to review what has been done, and to begin preparing for the next year. In the following figure, the Performance Appraisal system both completes the M B O cycle and initiates the next:



The annual performance review is concerned with two important factors -- the individual and the results. It is important to note that the annual performance review is not the only established evaluation structure. Periodic reviews are also conducted to keep all levels of the administration completely informed of progress toward objectives. Such periodic reviews must be an integral part of the total information flow in the organization. Reports should be in time for decision-making, correcting and adjusting Action Plans. Record keeping, follow-up reports, and information on status of results should be working tools which help the administrator take the best possible action at the best possible time.

OPERATIONS AUDITING

In the practice of Management by Objectives, it has become apparent that more and more school administrators are operating their programs out of sight of their superiors and other administrators. Hence, an overview of the entire program is difficult to obtain. The larger the school district, the greater its need for administrators to be knowledgeable and effective in areas beyond their direct observation. Operations auditing, a recent management technique, has come into existence because of the need to manage from a distance and out of sight. Operations auditing is particularly important for top administrative personnel who are involved initially in the objective-setting process, but who withdraw during the Action Plan and Performance Appraisal phases. Periodic reviews, which are a form of operations auditing, should give the top administration an overview of progress at a glance. Instruments that provide such a view of progress in a time basis may be developed by school districts or individuals. Reports on results, time, and performance can be very useful in making decisions. An example of a Performance Appraisal instrument is given in Appendix F.

INDIVIDUAL PERFORMANCE APPRAISALS

Developing commitments to objectives during the first three phases of MBO provides a meaningful basis for evaluating performance of a school system or department, and it presents significant advantages for establishing individual Performance Appraisals. Within the Performance Appraisal interview both superior and subordinate may use as a basis for appraisal the data produced in the MBO process. The individual who has established the performance objectives looks forward to participating

in and commiting himself to those challenges in which he is involved. Within this setting, a climate of mutual respect and equality is fostered.

The technique of individual performance appraisal offers specific advantages not found within other appraisal methods. Performance appraisal may increase personal performance as well as job satisfaction when it is done in the following manner:

1. Emphasis in on the results to be achieved. All appraisal reviews focus on work results and job requirements rather than on an individual's personality traits or character. During the appraisal interview, each objective is dealt with specifically and the evaluation is tailored to this unique organizational situation. At no time during this relationship is the individual's worth as a human being to be evaluated and confused with the job performance.
2. Individual appraisals focus on positive and active elements. It is important that the individual performance appraisal be seen as an analytical technique which is designed to improve the school organization, rather than as an administrative club to maintain order and control. The appraisal encounter actively involves two professionals who are mutually attempting to assess job performance. Within this appraisal framework communication improves and commitment is strengthened. Unlike other appraisal systems, MBO calls for no uni-

lateral actions. Only when objectives and goals are established jointly can commitment and results be improved.

3. Individual appraisals are objective and work-centered. Deficiencies in performance should not be cited without presenting accurate and reliable information that relates directly to the job description and stated objectives. A sufficient amount of representative information should be provided, reflecting comprehensive periods of time and work performance. All limitations in obtaining information should be discussed. In all cases, the sources from which information has been obtained should be identified.

4. Individual appraisals are opportunistic. The appraisal interview should always be oriented toward work improvement. In following this principle, the individual has freedom to deviate from past practices and procedures. Innovation and creativity should be encouraged. This approach flows naturally from the future orientation of the entire structure of the Management by Objectives system.

5. Individual appraisals encourage performance stretches. Encouragement is focused on two primary areas: (1) the achievement of the work and its effect on the total

educational organization; (2) the individual job fulfillment, motivation and personal growth and development. Within this relationship there are many opportunities to help increase individual performance and personal fulfillment. The mission of promoting personal satisfaction and job improvement is an essential element of Managing by Objectives.

ETHICAL CONSIDERATIONS OF INDIVIDUAL APPRAISAL

The individual appraisal should be objective, work-centered and focused on the desired work results and the individual's growth. The emphasis should be placed on the work and not on the personality of the person being interviewed. Nor should an appraisal interview be conducted in an autocratic setting. The appraisal data is privileged and should be presented only to those who have a good reason to review it.

THE UTILIZATION OF PERFORMANCE APPRAISALS

There are a variety of ways in which individual school districts may use the results of evaluative techniques discussed above. Performance appraisals may serve any or all of the following functions:

1. Determining annual salary increases. This method of performance appraisal is commonly known as "merit rating." Prior to the adoption of MBO some school organizations attempted to base compensation on so-called "merit" principles. However, merit was a highly

elusive term, and few school districts succeeded in realizing "merit rating" in actual practice. MBO can provide the means of compensation relating to achievement of objectives, allowing payment of staff in proportion to the degree to which objectives have been achieved or exceeded.

2. Identifying personnel for promotion. During this form of Performance Appraisal, the central administration or other administrative team members may evaluate an individual's performance with reference to future positions and opportunities. Focus may also be placed on skills or training necessary in anticipation of prospective promotion or placement.
3. Motivating and coaching for greater professional and personal advancement. The appraisal system can also provide the vehicle for stimulating better performance and coaching individuals to become more effective in their work, thus increasing their personal growth and development.
4. Career planning. The appraisal interview can be an excellent opportunity to counsel the individual with regard to his interests and personal aspirations. In doing so, it may be valuable to observe the individual's present "KASH" position, that is to take stock of his

-- Knowledge and experience

-- Abilities and aptitudes

-- Skills and proficiencies

-- Habits and work relationships

Discussing these factors may help the individual grow in the self-awareness and self-direction that foster optimism and career development. These gains, however, presuppose that the appraiser possess a positive regard and willingness to listen to and accept the individual being guided.

The appraisal system can combine any or all of these functions. Performance appraisals are part and parcel of the school administration process and can be concerned with virtually all elements of administration: Organizational planning, delegation of tasks, evaluation of results, control, communications, development, motivation, and coordination. The performance appraisal technique of MBO provides results-oriented job descriptions and clear cut school district objectives from which accountability and measurability are derived.

STEPS IN DEVELOPING A PERFORMANCE APPRAISAL SYSTEM

Performance Appraisal should be tailored to meet unique requirements of the school, department, or individual. The steps for developing a Performance Appraisal system begin even in the first phase of MBO:

Step I The school district or individual work units prepare and refine a Mission and Roles Statement which analyzes the nature and scope of each job and its over-

all contribution to the school district. The M&RS also helps determine each person's accountability for results to be accomplished.

Step II Upon completion of the M&RS, specific objectives are to be established stating the key results to be accomplished. Each objective is linked to the broad goals of the M&RS. These objectives form the basis for discussion and subsequent joint agreement between subordinate and superior.

Step III Upon completion of statements of objectives, Action Plans to accomplish the projected results are prepared. Both superiors and subordinates strive to agree upon methods and activities necessary to reach stated objectives within a specified time-frame. Each individual then applies his skill, ingenuity, effort, time, and energy in getting done what has to be done.

Step IV During the ensuing months there are periodic formal disscussions of the objectives that were set. These meetings are usually designed as quarterly progress reviews. The purpose of these reviews is to keep the administration informed of progress toward projected results. These encounters are characterized by mutual respect, empathy, pro-

gress assessment and problem solving.

The annual performance review is conducted in order to get feedback about results achieved and about progress expected. The administrator prepares in advance the annual review, summarizing achievements and suggesting ways to improve.

SUMMARY

Step IV is based on the principle that progress can only be measured in terms of that towards which one is trying to make progress. This phase of MBO attempts to measure and evaluate all activities according to a schedule in order to report the current status and progress toward completing the objective. The individual reporting and approval techniques attempt to note deviations from expected progress and report these for corrective action. Emphasis is placed on evaluating results rather than on an individual's personality or intrinsic worth. Methods of feedback (evaluating past progress) and feed forward (measuring anticipated progress) give the school administrative team an idea of their present position in relation to where they are going. Thus, the Performance Appraisal provides the basis for renewed commitment to the goals of the school in the ongoing process of Management by Objectives.

CHAPTER VI

THE PROGRAM PLANNING AND BUDGET SYSTEM*

INTRODUCTION

Public schools in Indiana are currently facing an economic crisis of sorts. The State Legislature voted in its last general assembly to freeze local tax levies at the 1973 rate for school purposes and to allocate an additional $36.00 per pupil during fiscal 1974 and $38.00 per pupil additional money in fiscal 1975. This in effect puts very stringent limitations on the amount of money available for new programs, for increased operational costs and for maintenance of present programs. School corporation budgets have sky-rocketed the past few years. Although there seem to be many "good causes" in the field of education for which money could be spent, the legislature was probably accurately reflecting the "will of the people" and the general "tenor of our times" in limiting the amount of money available for public education. This means more than ever that educators must make decisions regarding how to best utilize the dollars available. To accomplish our goals and objectives, the legislature has forced us to recognize that there are many good causes competing for available dollars, and that we as educators must set priorities and choose between several alternatives in getting the most benefit out of the dollar. We are forced to consider alternative methods of accompliishing an objective in light of the cost involved as well as quality of out-put.

The author is indebted to Robert A. Hoffman, Director, Connersville Area Vocational School, for his generous assistance in preparing this chapter.

We in Indiana have been most fortunate in experiencing tremendous growth in vocational education during the past few years. This growth has been one of our goals and it is being accomplished. But while it is being accomplished, federal funds have not increased proportionately. Consequently, during the past year available monies for program reimbursement were approximately 5% less than in the prior year, while vocational enrollments across the state increased nearly 10%. This makes some form of Program Planning and Budget System necessary to obtain maximum benefit per dollar.

DESCRIPTION OF SYSTEM

The system of accounting suggested for use by an area vocational school or district is basically a program-by-program accounting method utilizing the accounting code as prescribed by the Indiana State Board of Accounts for school accounting purposes. Costs are broken down into two main catagories:

1. Indirect Charges Series Control
2. Direct Charges Series Control

The indirect charges are those which are applicable to all programs such as administrative costs, secretarial and bookkeeping costs, care of buildings and grounds, heat, utilities, power, telephone, and other costs associated with plant operation. Also, fixed charges such as maintenance, group insurance, etc., are charged to the indirect catagory. Direct charges are then made for each program of instruction. These are broken down as instructional salaries, audio-visual materials, books, instructional supplies, travel and other expenses, and repair or replacement of furniture and

equipment. Each program has its own control number code in this particular system. The program control code is assigned in alphabetical order. For example: Agri-Mechanics - .01; Appliance Repair - .02; Auto Body - .03; Auto Mechanics - .04; and so on down the line with each separate program having a separate project number.

A monthly management report is available within a week after the last day of the month and gives the original appropriation, expenditures to date, outstanding encumbrances, and the free balances as of the end of the month. Coupled to this information of expenditures is a supplemental monthly report which shows receipts from sale of materials or supplies in each project. This information is needed in order to show the actual cost of a program utilizing tax monies. For instance, in Agri-Mechanics or Auto Mechanics it would not be unusual to spend a $1,000 in a month on materials and supplies. This does not however reflect the true cost of the program because we may take in $1,000 or $1,100 in receipts. Therefore, the monthly report of receipts is important in evaluating the particular cost of a program. It should be pointed out that many times there is time lag between the purchase of saleable materials and the receipts for those materials. For instance, receipts are very light the first two months of the school year and very heavy the last two months of the year (May and June).

The accounting system is basically self explanatory as can be seen by the attached example, pages 68 through 79.

IMPLEMENTATION OF THE SYSTEM

To implement such a system of accounting would be nearly impossible without firm support from top school authorities, whether they be a local school board or a joint vocational board of a given area vocational school. For any school system utilizing a fairly late programable bookkeeping machine, it would be relatively easy to implement such a system. The advantages of an accounting system are considerable, since they give an administrator accurate cost analysis of each program which can help him identify problems and alternative solutions to those problems. A thorough, detailed and accurate accounting system is basic to the process of developing alternatives in education to get more "bang for the buck."

ADVANTAGES AND DISADVANTAGES

Advantages of the system are obvious.

1. The system gives an accurate accounting of the costs in each separate program.
2. The accounting system provides a basis for analyzing costs as they relate to number of students placed in full time employment and number of students in the field for which they were trained, etc.
3. Information gained through accurate cost analysis provides the basis for setting up alternative solutions to meet educational objectives.
4. The accounting systems tells quickly when spending exceeds budget allocation.

Disadvantages:

1. Some programs naturally cost more than others. For example, welding takes a considerable expenditure for supplies and has very little return, in comparison to the operation of a drafting program. There is a tendency when looking at the cost to base tuition or per pupil billing on a program cost basis. This may be particularly attractive to superintendents who are sending students outside the school corporation to cheaper programs. An area vocational school does not necessarily transfer tuition costs on a program basis. All costs are figured and divided by total enrollment so that students outside the local corporation all pay the same tuition regardless of the program in which they are enrolled.
2. Basing tuition costs on a program basis could seriously hinder a valid counseling program in that there might be a tendency on the part of administration to encourage participation in low cost programs and discourage participation in expensive programs.
3. The monthly management report, while valuable, does take time to prepare. It probably could not be done economically without the benefit of some type of bookkeeping machine. However, most school corporations in Indiana now have such equipment.

SUMMARY

With the general trend toward more accountability in public schools and with less federal reimbursement on a per pupil basis, some form of Program Planning and Budgeting System is rapidly becoming a necessity. Determining priorities and having a method of cost analysis in education are essential. We need a system to set alternatives for consideration in meeting educational objectives. Basic to this process is an understanding of objectives to be obtained and an accurate accounting method to monitor the cost of such a program. This cannot be attained without the support of top echelon administrative leadership in the local educational agencies. The system has the advantages of accurate cost analysis at any given time and will provide information necessary to correct inadequacies and excess expenditures. However, there is danger in slanting the vocational guidance program toward the lower cost program, thus possibly reducing the breadth of offerings available to students.

CONCLUSIONS

The age of accountability is in full swing in Indiana with the action of the legislature limiting the amount of monies available on a per pupil basis. It is imperative that we implement some type of PPBS in the administration of our vocational programs. We must recognize that there are many good causes competing for the expenditures of funds, and it's up to the educational leadership and the people in a community to determine their priorities and in what way the limited dollars available for education

shall be spent. We must recognize that we as educators cannot be all things to all people, that we cannot solve all problems in society with our educational system, and that we must establish priorities in education and a system by which we can evaluate the attainment of objectives in reaching educational goals.

MODEL PPBS SYSTEM FOR AN AREA VOCATIONAL SCHOOL

Accounting of Projects

Month of April

PROJECT:	RECEIPTS: Services & materials	EXPENDITURES: Supplies	BALANCES:	REPAIR AND REPLACEMENT OF EQUIPMENT:
AGRI-MECHANICS	812.11	1,027.46	- 215.35	-0-
APPLIANCE REPAIR	6.35	45.49	- 39.14	-0-
AUTO BODY	159.48	446.82	- 287.34	-0-
AUTO MECHANICS	833.91	590.99	- 242.92	7.10
BUILDING TRADES	6.50	42.52	- 36.02	-0-
BUSINESS	33.15	410.09	- 376.94	118.44
COSMETOLOGY	165.80	250.00	- 84.20	-0-
DRAFTING	-0-	58.41	- 58.41	-0-
ELECTRONICS	-0-	28.79	- 28.79	-0-
MACHINE SHOP	11.65	150.40	- 138.75	32.50
WELDING	2.30	350.00	- 347.70	85.48
TOTALS FOR: APRIL	2,031.25	3,400.97	- 1,369.72	243.52
PREVIOUS BALANCE	11,583.24	39,050.26	-27,467.02	13,358.19
BALANCES:	13,614.49	42,451.23	-28,836.74	13,601.71

FIGURE #4

JOURNAL OF APPROPRIATIONS, ENCUMBRANCES, DISBURSEMENTS AND BALANCES

AREA VOCATIONAL SCHOOL
APRIL, 1973

DESCRIPTION	ENCUMBRANCE		Appropriations	BALANCES		
	Encumbered	Liquidated		Outstanding Encumbrances	Expenditures To Date	Free
INSTRUCTION-SALARIES-PRINCIPALS & ASSISTANTS SUMMER SCHOOL BOOKKEEPERS & CLERKS MATERIALS & SUPPLIES MILEAGE & CONFERENCES, IN SERVICE VOCATIONAL INSTRUCTION SUBSIDIARY CONTROL						
OPERATION OF PLANT-SALARIES-CARE OF BLDGS & GROUNDS CONTRACTED SERVICES REMOVAL OF REFUSE AND GARBAGE LAUNDRY & DRY CLEANING HEAT FOR BUILDINGS UTILITIES-WATER AND SEWERAGE LIGHT & POWER TELEPHONE MATERIALS & SUPPLIES OPERATION OF PLANT SUBSIDARY CONTROL						
MAINTENANCE OF PLANT-REPLACEMENT OF FURNITURE-NON INST.						

DESCRIPTION	ENCUMBRANCE		Appropriations	BALANCES		
	Encumbered	Liquidated		Outstanding Encumbrances	Expenditures To Date	Free
MAINTENANCE OF PLANT SUBSIDIARY CONTROL						
FIXED CHARGES-EMPLOYEE RETIREMENT SOCIAL SECURITY PUBLIC EMPLOYEES' RETIREMENT EMPLOYEE GROUP INSURANCE RENT OF EQUIPMENT FIXED CHARGES SUBSIDIARY CONTROL						
INDIRECT CHARGES SERIES CONTROL AGRI-MECHANICS-SALARIES FOR INSTRUCTION AUDIO VISUAL BOOKS ETC. TEACHING MATERIALS & SUPPLIES OTHER EXPENSES OF INSTRUCTION REPLACEMENT OF FURNITURE & EQUIPMENT AGRI MECHANICS PROJECT SUBSIDIARY CONTROL						
APPLIANCE REPAIR PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & TELEVISION TEACHING MATERIALS & SUPPLIES OTHER EXPENSES OF INSTRUCTION REPLACEMENT OF FURNITURE & EQUIPMENT						

DESCRIPTION	ENCUMBRANCE		Appropriations	BALANCES		
	Encumbered	Liquidated		Outstanding Encumbrances	Expenditures To Date	Free
APPLIANCE REPAIR PROJECT SUBSIDIARY CONTROL						
AUTO BODY PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS AND SUPPLIES OTHER EXPENSES OF INSTRUCTION REPLACEMENT OF FURNITURE AND EQUIPMENT AUTO BODY PROJECT SUBSIDIARY CONTROL						
AUTO MECHANICS PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS AND SUPPLIES OTHER EXPENSES REPLACEMENT OF FURNITURE AND EQUIPMENT AUTO MECHANICS PROJECT SUBSIDIARY CONTROL						
BUILDING TRADES PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS AND SUPPLIES						

DESCRIPTION	ENCUMBRANCE		Appropriations	BALANCES		
	Encumbered	Liquidated		Outstanding Encumbrances	Expenditures To Date	Free
OTHER EXPENSES REPLACEMENT OF FURNITURE & EQUIPMENT BUILDING TRADES PROJECT SUBSIDIARY CONTROL						
BUSINESS PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS & SUPPLIES OTHER EXPENSES REPLACEMENT OF FURNITURE & EQUIPMENT BUSINESS PROJECT SUBSIDIARY CONTROL						
COSMETOLOGY PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS & SUPPLIES OTHER EXPENSES REPLACEMENT OF FURNITURE & EQUIPMENT COSMETOLOGY PROJECT CONTROL						
ELECTRONICS PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS AND SUPPLIES						

DESCRIPTION	ENCUMBRANCE		Appropriations	BALANCES		
	Encumbered	Liquidated		Outstanding Encumbrances	Expenditures To Date	Free
OTHER EXPENSES REPLACEMENT OF FURNITURE & EQUIPMENT ELECTRONICS PROJECT SUBSIDIARY CONTROL						
MACHINE SHOP PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS & SUPPLIES OTHER EXPENSES REPLACEMENT OF FURNITURE & EQUIPMENT MACHINE SHOP PROJECT SUBSIDIARY CONTROL						
WELDING PROJECT-SALARIES FOR INSTRUCTION BOOKS, REPAIRS, AUDIO VISUAL & T.V. TEACHING MATERIALS AND SUPPLIES OTHER EXPENSES REPLACEMENT OF FURNITURE & EQUIPMENT WELDING PROJECT SUBSIDIARY CONTROL						
STAFF PROFESSIONAL DEVELOPMENT PROJECT-SALARIES FOR INSTRUCTION STAFF PROFESSIONAL DEVELOPMENT PROJECT SUBSIDIARY CONTROL						

DESCRIPTION	ENCUMBRANCE		Appropriations	BALANCES		
	Encumbered	Liquidated		Outstanding Encumbrances	Expenditures To Date	Free
DIRECT CHARGES SERIES CONTROL						
AREA VOCATIONAL OVERALL CONTROL						

APPENDIX A

WORKSHEET #1

DIVIDE YOUR TOTAL JOB INTO ITS

KEY AREAS FOR RESULTS

INCLUDE THE KEY AREAS

THAT ARE PART OF YOUR JOB NOW

AND ANY THAT YOU FEEL SHOULD BE ADDED.

YOUR JOB

APPENDIX B

WORKSHEET #2

COMPARATIVE RANKING OF KEY AREAS FOR RESULTS

LIST THE KEY AREAS FOR RESULTS	PROBLEMS & PRIORITIES	PROBABILITY OF ACCOMPLISHMENT	TENTATIVE ACTION PLANS

APPENDIX C

RANKING OBJECTIVES FOR SCHOOL IMPROVEMENT

For the Period Beginning and Ending

Objective No.	Statement of Objective	Degree of Importance (%)	Target Date(s)	Periodic Performance Check			
				Date	Deficient	Adequate	Superior
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

APPENDIX D:

FORMAT FOR DEVELOPING AN ACTION PLAN

PHASE III Objectives & Action Plans	Presented By: Date:	POSITION: School or Department:				
Objective # ____ of ____ Weight %	Reviewed By: Date:	Department:				
THE KEY RESULT TO BE ACHIEVED: WHAT, WHEN, & COST BENEFIT	STEPS IN THE ACTION PLAN How to accomplish the Objective	Completion Criteria	Who is to Complete	Contact Whom	Completion Date (When)	Check Date Completed
State Objective: Circulated to:						

APPENDIX E

INTERIM EVALUATION FORM

SCHOOL _____ POSITION _____

ADVISOR _____ SCHOOL YEAR _____

PROGRAM OBJECTIVE: _____

_____

STEP: _____ PRESENT DATE: _____

COMPLETION CRITERION: _____

SCHEDULED COMPLETION DATE: _____

DAYS REMAINING _____

1. As of this date, how certain are you that this step will be completed on schedule? (Check one)

   _____ (1) definitely certain

   _____ (2) very probable -

   _____ (3) appears probable

   _____ (4) uncertain

   _____ (5) doubtful

   _____ (6) will not be completed on schedule

   (If 4, 5, or 6 is checked, please explain on back of form).

2. In your opinion should there be a review or revision of this plan?

   ( ) YES ( ) NO

_____ _____

NAME LOCATION

APPENDIX F

PERFORMANCE APPRAISAL

NAME				DATE	
POSITION			SCHOOL		DEPARTMENT
STEP I	OBJECTIVE	PRIORITY	STARTING DATE	COMPLETION DATE	SET UP PERFORMANCE STANDARDS
STEP II	BRIEFLY DISCUSS RESULTS ACCOMPLISHED FOR OBJECTIVE LISTED ABOVE.				
STEP III	AREA WHERE PERFORMANCE IS STRONGEST			AREA WHERE PERFORMANCE IS WEAKEST	
STEP IV	SPECIFIC WAYS TO IMPROVE ACTION PLAN:			RESPONSIBILITIES	DATES
SUPERVISOR		DATE		SUPERINTENDENT	DATE